

**COUNTY OF MILWAUKEE**  
Behavioral Health Division Administration  
**INTER-OFFICE COMMUNICATION**

**DATE:** September 24, 2012

**TO:** Marina Dimitrijevic, Chairwoman, Milwaukee County Board of Supervisors

**FROM:** Héctor Colón, Director, Department of Health and Human Services  
*Prepared by: Dennis Buesing, Administrator, DHHS Contract Services*

**SUBJECT:** **Report from the Director, Department of Health and Human Services, Requesting Authorization to Enter into a Two Year Contract with Sellers Dorsey and Associates, LLC for the Behavioral Health Division Revenue Maximization Initiative**

**Issue**

Section 56.30 of the Milwaukee County Code of General Ordinances requires County Board approval for Professional Services Contracts of \$50,000 or greater. Per Section 56.30, the Director of the Department of Health and Human Services (DHHS) is requesting authorization to enter into a 2012 Professional Services Contract with Sellers Dorsey and Associates, LLC for specialized fiscal management services for the Behavioral Health Division (BHD) Revenue Maximization initiative under a contingent fee arrangement.

**Background**

Congress established Medicaid in 1965 as a jointly funded State and Federal program that provides medical assistance to eligible recipients. The Medicaid program is funded by a combination of Federal and State dollars allocated through a matching structure. The Federal Government matches State spending using a calculation called the Federal Medical Assistance Percentage (FMAP). The FMAP is determined annually for every State using a formula based on income levels. The Centers for Medicare & Medicaid Services (CMS) administers the program at the Federal level. The Wisconsin Department of Health Services is the State agency responsible for administering Wisconsin's Medicaid program.

As long as they stay within Federal and state regulations, states and counties make every attempt to ensure they receive the maximum allowable Federal share for expenditures they incur for Medicaid services. States regularly contract with consultants to help them identify and implement ways to maximize Federal funds.

The 2011 BHD Budget provided funding to obtain technical assistance in maximizing revenues received by analyzing all amounts billed and received by BHD, including technical consulting services related to Medicaid reimbursement. In order to perform these consulting functions effectively, it was determined that BHD needed to secure an expert with experience and expertise in hospital revenue maximization assessments, including familiarity with the State's Medicaid programs and Medicaid cost reporting.

In December 2011, DHHS entered into a contract with Sellers Dorsey and Associates, LLC to review all elements of Medicaid Cost Reporting and the Wisconsin Medicaid Cost Reporting (WIMCR) system to ensure Medicaid reimbursement from the State was maximized. Specifically, the consultant assessed

and identified potential health care reimbursement strategies to increase federal Medicaid funding of Milwaukee County Medicaid provider services. BHD sought to develop alternatives to increase current reimbursement of Medicaid covered services provided by the County's inpatient and outpatient providers.

On February 10, 2012, Sellers Dorsey met with officials from BHD. The purpose of the meeting was for Sellers Dorsey to gain knowledge of the structure and financing of BHD programs in order to identify opportunities for the County to access additional federal Medicaid matching funds. In March of 2012 Sellers Dorsey issued a report entitled *Potential Revenue Maximization Strategies for the Milwaukee County Behavioral Health Division*. Under the review, the consultant identified specific initiatives along with the potential for additional revenue for each program/initiative. Based on this review, it is expected that BHD will be able to draw down an additional \$2,400,000 in revenue in 2013. The additional revenue is offset by a consultant fee of 8% of the anticipated additional revenue generated, or approximately \$192,000. A \$25,000 professional services contract for this project from 2012 is maintained in 2013 and will be applied toward the consultant fee, resulting in a total tax levy savings in 2013 of \$2,233,000.

### Discussion

Sellers Dorsey and BHD entered into Phases II and III of the Revenue Maximization initiative in which the consultant prepared Management Letters to the BHD Administrator for each program that BHD has decided to pursue. The Management Letters contained detailed summaries of the programs in the initiative and identified 2012 revenue baselines for each program. The Management Letters identified the following initiatives to achieve the 2013 budget objectives:

1. **Develop claiming procedures and strategies for unreimbursed inpatient and outpatient costs for BHD.** The goal of these initiatives is to increase federal funds to help further offset the costs of providing care to Medicaid recipients and the uninsured in Milwaukee County. The Management Letter identifies estimated additional annual revenue of \$727,472 and \$580,589 in unclaimed inpatient and outpatient revenue respectively. 2012 baseline revenues upon which the contingent fees are based are \$7,403,634 and \$568,400 respectively.
2. **Establish a physician supplemental payment program for BHD.** The goal of this initiative is to provide additional Medicaid funding for supplemental payments to eligible physicians and physician assistants who provide services at BHD, whether directly-employed or contracted. The State Physician Supplemental Payment Program currently limits payment to the University of Wisconsin Medical Foundation. Considering BHD's unique contribution to the region, modifications to Medicaid physician reimbursement for BHD are needed in order to more fairly reimburse BHD. The Management Letter identifies estimated additional annual revenue of \$90,000 to \$180,000 in supplemental payments to eligible physicians and physician assistants who provide services at BHD. 2012 baseline revenues upon which the contingent fee is based is \$224,738.

Both of the above initiatives require the State to submit a State Plan Amendment (SPA) to CMS. Milwaukee County will provide Intergovernmental Transfers or Certified Public Expenditures for the non-federal portion of the increased payment to the State to fund the increased rate.

Based on the above outlined initiatives, the Director, DHHS, is seeking authorization to enter into a sole-source contract with Sellers Dorsey and Associates, LLC that includes a performance fee rate of 8% applied to additional amounts collected over and above certain established baseline amounts. If the County receives federal Medicaid revenues that it otherwise would not have applied for, qualified for, or been entitled to receive as a direct result of the initiatives developed and implemented by Sellers Dorsey, the contractor will be paid 8% of the additional revenues actually received by the County and for which there was no other revenue offset for a period of no less than two years (24 months) from the date of implementation of the program, and up to five years (60 months). Payment will be made to the contractor only after the County or the providers approved and named by the County as part of this program, receive the additional federal funds. The customary range of fees for such services is between 5% and 10% depending on the duration of the fee agreement and estimated gain to the client.

Due to the unique support services entailed under this type of agreement, including experience in negotiations of agreements with state and federal agencies, assistance with negotiations and agreements with stakeholders, preparation of financial analyses, and tracking/reporting of federal revenue, the Director, DHHS, is also seeking authorization not to use the Request for Proposal (RFP) process for this contract.

Over the course of the past decade, Sellers Dorsey has worked directly for eleven states on revenue maximization initiatives. In that time, the firm has worked successfully to assist its state clients in drawing down over \$5 billion in new federal Medicaid funds which is more than any other revenue maximization firm in the United States. In addition, Sellers Dorsey has also provided revenue maximization consulting services to counties, municipalities, universities, health care trade associations and safety net providers in seven states.

Sellers Dorsey has a national reputation of creativity in Medicaid revenue maximization consulting and has been successful in tailoring its initiatives to meet the unique needs of its different state clients. Every state Medicaid program is structured and financed differently. Therefore, it is necessary for the consulting firm utilized by BHD to have the ability to take its existing experience and expertise to create solutions that work in this State's unique program.

Based on Sellers Dorsey's assessment and experience in other states and counties where the firm has performed revenue maximization consulting services, it is estimated that the Revenue Maximization initiative in Milwaukee County could recover in excess of \$2,400,000 in revenue in 2013, and ultimately, BHD could recover up to \$5 million annually over and above baseline amounts (upon full implementation of the initiative).

### **Recommendation**

It is recommended that the County Board of Supervisors authorize the Director, DHHS, or his designee, to enter into a professional services contract with Sellers Dorsey and Associates, LLC under a contingent fee arrangement, as described in this report. This will enable the County to grow revenue maximization efforts within DHHS. The contract would be for a two-(2) year term, with three (3) additional one year

options to renew and extend. The initial contract would be for the time period of October 31, 2012 through October 31, 2014.

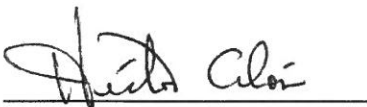
It is also recommended that the County Board of Supervisors authorize the Director, DHHS, or his designee to encumber and pay Sellers Dorsey up to \$400,000 annually in contingent fees earned under the contract through October 31, 2014, with the option of extending the contract and the amount to be encumbered annually for contingent fees for up to three (3) additional one year periods.

It is also recommend that the County Board of Supervisors authorize the Director, DHHS, or his designee, to enter into a professional services contract without the use of the Request for Proposal (RFP) procedure and enter into a sole-source contract with Sellers Dorsey and Associates, LLC.

**Fiscal Effect**

BHD has included this initiative in its 2013 Requested Budget therefore the execution of this contract is necessary to allow DHHS to achieve additional Medicaid revenue of \$2,400,000 in 2013. A fiscal note form is attached.

Respectfully Submitted,



Héctor Colón, Director  
Department Of Health and Human Services

cc: County Executive Chris Abele  
Tia Torhorst, County Executive's Office  
Kelly Bablitch, County Board  
Pat Farley, Director – DAS  
Craig Kammholz – Fiscal & Budget Administrator - DAS  
CJ Pahl, Assistant Fiscal and Budget Administrator – DAS  
Antoinette Thomas-Bailey, Fiscal and Management Analyst – DAS  
Jennifer Collins, County Board Staff  
Jodi Mapp, County Board Staff

## MILWAUKEE COUNTY FISCAL NOTE FORM

**DATE:** 9/24/12

Original Fiscal Note ☒

Substitute Fiscal Note ☐

**SUBJECT:** Report from the Director, Department of Health and Human Services, Requesting Authorization to Enter into a Two Year Contract with Sellers Dorsey and Associates, LLC for the Behavioral Health Division Revenue Maximization Initiative

### FISCAL EFFECT:

- ☒ No Direct County Fiscal Impact
- ☒ Existing Staff Time Required
- ☐ Increase Operating Expenditures  
(If checked, check one of two boxes below)
- ☐ Absorbed Within Agency's Budget
- ☐ Not Absorbed Within Agency's Budget
- ☐ Decrease Operating Expenditures
- ☐ Increase Operating Revenues
- ☐ Decrease Operating Revenues
- ☐ Increase Capital Expenditures
- ☐ Decrease Capital Expenditures
- ☐ Increase Capital Revenues
- ☐ Decrease Capital Revenues
- ☐ Use of contingent funds

*Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.*

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	0	0
	Revenue	0	0
	Net Cost	0	0
Capital Improvement Budget	Expenditure		
	Revenue		
	Net Cost		

## DESCRIPTION OF FISCAL EFFECT

**In the space below, you must provide the following information. Attach additional pages if necessary.**

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated.<sup>1</sup> If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

A. Per Section 56.30, the Director of the Department of Health and Human Services (DHHS) is requesting authorization to enter into a 2012 Professional Services Contract with Sellers Dorsey and Associates, LLC for specialized fiscal management services for the Behavioral Health Division (BHD) Revenue Maximization initiative under a contingent fee arrangement for the time period of October 31, 2012 through October 31, 2014. Total contract amount is not to exceed \$400,000 annually.

B. BHD accounting staff did an extensive review of baseline revenues and worked with the consultant to estimate potential new revenues. Based on this work, it is expected that BHD will be able to draw down an additional \$2,400,000 in revenue in 2013. The additional revenue is offset by a consultant fee of 8% of the anticipated additional revenue generated, or approximately \$192,000. A \$25,000 professional services contract for this project from 2012 is maintained in 2013 and will be applied toward the consultant fee, resulting in a total tax levy savings in 2013 of \$2,233,000. Payment will be made to the contractor only after the County or the providers approved and named by the County as part of this program, receive the additional federal funds.

C. There is no 2012 tax levy impact associated with approval of this request as no revenue is anticipated this year. This initiative is included in the 2013 BHD Requested Budget therefore no additional tax levy is required in 2013 within the BHD budget. Because, ultimately, Sellers Dorsey and BHD estimate that BHD could recover up to \$5 million annually over and above baseline amounts (upon full implementation of the initiative), BHD is requesting \$400,000 (8% of the total maximum revenue amount) as the not to exceed annual contract amount. Again, payment will be made to the contractor only after the County or the providers approved and named by the County as part of this program, receive the additional federal funds.

D. No further assumptions are made.

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<sup>1</sup> If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

Department/Prepared By Alexandra Kotze, DHHS Fiscal and Policy Administrator

Authorized Signature 

Did DAS-Fiscal Staff Review? ☐ Yes ☒ No





(ITEM ) From the Director, Department of Health and Human Services, requesting authorization to enter into a two-year contract with Sellers Dorsey and Associates, LLC, for the Behavioral Health Division Revenue Maximization Initiative, by recommending adoption of the following:

### A RESOLUTION

WHEREAS, per Section 56.30 of the Milwaukee County Code of General Ordinances, the Director of the Department of Health and Human Services (DHHS) is requesting authorization to enter into a two-year Professional Services Contract with Sellers Dorsey and Associates, LLC, for the Behavioral Health Division (BHD) Revenue Maximization Initiative under a contingent fee arrangement; and

WHEREAS, the 2011 Budget for BHD provided funding to obtain technical assistance in maximizing revenues; and

WHEREAS, in order to perform these consulting functions effectively, it was determined that BHD needed to secure an expert with experience and expertise in hospital revenue maximization assessments, including familiarity with the State's Medicaid programs and Medicaid cost reporting; and

WHEREAS, in December 2011, DHHS entered into a contract with Sellers Dorsey and Associates, LLC, to review all elements of Medicaid Cost Reporting and the Wisconsin Medicaid Cost Reporting (WIMCR) system; and

WHEREAS, it is expected that the recommended contract would enable BHD to draw down an additional \$2,400,000 in revenue in 2013; and

WHEREAS, Sellers Dorsey has identified the following initiatives, as detailed in Management Letters between BHD and the Contractor, to achieve these objectives in 2013:

1. Develop claiming procedures and strategies for unreimbursed inpatient and outpatient costs for BHD
  2. Establish a physician supplemental payment program for BHD
- ; and

WHEREAS, the Director of DHHS is seeking authorization to enter into a sole-source contract with Sellers Dorsey and Associates, LLC, that includes a performance fee rate of 8% for additional Medicaid amounts collected over and above certain established baseline amounts; and

WHEREAS, payment will be made to Contractor, only after the County or the providers approved and named by the County as part of this program, receive the additional federal funds; and

WHEREAS, under the proposed contract, it is estimated that the Revenue Maximization Initiative in Milwaukee County could recover in excess of \$2,400,000 in revenue in 2013, and ultimately, BHD could recover up to \$5 million annually over and above baseline amounts upon full implementation of the initiative; now, therefore,

BE IT RESOLVED, that the County Board of Supervisors authorizes the Director of the Department of Health and Human Services (DHHS), or his/her designee, to enter into a Professional Services Contract with Sellers Dorsey and Associates, LLC, under a contingent fee arrangement, as described in the accompanying report; and

BE IT FURTHER RESOLVED, that the County Board of Supervisors authorizes the Director of DHHS, or his/her designee to encumber and pay to Sellers Dorsey up to \$400,000 annually in contingent fees through October 31, 2014, with the option of extending the contract and the annual encumbrance for up to three (3) additional one-year periods; and

BE IT FURTHER RESOLVED, that the County Board of Supervisors authorizes the Director of DHHS, or his/her designee, to enter into a Professional Services Contract without the use of the Request for Proposals procedure and enter into a sole-source contract with Sellers Dorsey and Associates, LLC.

jl  
10/12/2012  
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